

Message Text

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PASS JULIUS L. KATZ

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SUBJ: UNCTAD COMMODITIES -JUTE - FOURTH PREPARATORY MEETING

1. SUMMARY: THE FOURTH PREPARATORY MEETING ON JUTE AND
JUTE PRODUCTS DEALT PRIMARILY WITH TWO SUBJECTS: HAR-
HOMINZAION OF PRODUCTION OF SYNTHETICS WITH SUPPLY OF JUTE
AND JUTE PRODUCTS, AND DEVELOPMENT OF FUTURE WORK PROGRAM.
PRODUCERS DECIDED NOT TO PRESS FOR FURTHER CONCESSIONS
IN AREAS ALREADY DISCUSSED, BUT CONCENTRATED INSTEAD OF
"HARMONIZATION" AS A FOURTH AREA FOR CONSIDERATION. THIS WAS
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REJECTED BY CONSUMERS AS AN AREA IN WHICH LITTLE PROGRESS
COULD BE MADE. TWO MORE WORKING GROUP MEETINGS WERE
SCHEDULED TO TRY TO FINALIZE RECOMMENDATIONS TO BE
FOLLOWED BY ANOTHER FULL PREPARATORY SESSION. END SUMMARY

2. GENERAL STATEMENTS: BOTH THE US AND THE EC MADE
GENERAL STATEMENTS ON THE PROGRESS AND DIRECTION OF THE

WORK ON JUTE. THE US BASICALLY REPEATED ITS PAST POSITIONS ON R&D AND MARKET PROMOTION AND COST REDUCTION AND NOTED THAT MORE STUDY NEEDS TO BE DONE IN THE AREA OF MARKET STABILIZATION. THE US SAID IT WAS PRESENTLY PURSUING SUCH A STUDY AND THAT WHEN THIS WAS COMPLETED ITS CONCLUSIONS WOULD BE PRESENTED TO THE MEETING. THIS WAS RECEIVED FAVORABLY BY BOTH PRODUCERS AND CONSUMERS. THE EC READ A PREPARED STATEMENT ALSO EMPHASIZING R&D AND THE NEED FOR AN INTERNATIONAL BODY TO COORDINATE IT. UNLIKE US, HOWEVER, THEY STRESSED THAT COST REDUCTION MEASURES WERE AN ESSENTIAL COMPLEMENT TO R&D AND THAT WORK ON THE TWO SHOULD BE CONDUCTED WITHIN THE SAME INTERNATIONAL BODY. THE EC NOTED THAT THERE SHOULD BE SPECIFIC ACTION AIMED AT IMPROVING MARKET STABILIZATION AND PROPOSED A STRENGTHENING OF THE PRESENT FAO INDICATIVE PRICE SYSTEM FOR RAW JUTE. THEIR PROPOSAL INCLUDED WIDENING THE INDICATIVE PRICE RANGE, BI-ANNUAL REVIEWS, AUTOMATIC CONSULTATIONS WHENEVER THE LIMITS OF THE RANGE WERE REACHED, IMPROVEMENT OF INFORMATION AND POSSIBLE INTERNATIONAL FINANCING OF A GIVEN LEVEL OF NATIONALLY HELD STOCKS ACCORDING TO A SET OF RULES TO BE DETERMINED. COMMENT: AT FIRST GLANCE THIS APPEARS TO BE LITTLE MORE THAN AN AID PROGRAM TO ASSIST BANGLADESH IN FINANCING STOCKS IN RETURN FOR SOME CONSULTATION ON SUPPLY POLICIES. END COMMENT.

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3. HARMONIZATION: HARMONIZATION RAPIDLY DEVELOPED AS SUBJECT RECEIVING MOST ATTENTION AT THE MEETING. THE SECRETARIAT DISTRIBUTED A DOCUMENT RECOMMENDING ACTION ON THE SUBJECT WHICH WAS LAUDED BY PRODUCING COUNTRIES AND REJECTED BY CONSUMING COUNTRIES. PRODUCERS MADE EMPASSIONED PLEAS FOR CONSIDERATION AND ACTION IN THIS AREA, CLAIMING OTHER ACTIONS TO ASSIST JUTE WOULD BE MEANINGLESS IN ABSENCE OF CONTROLS OVER PRODUCTION AND PRICING OF SYNTHETICS. A REFUSAL TO RECOGNIZE THIS FACT THEY CLAIMED WOULD STRIKE AT THE HEART OF ALL EFFORTS AT INTERNATIONAL COOPERATION. CONSUMERS STATED UNANIMOUSLY THAT THIS WAS AN AREA WHERE LITTLE PROGRESS COULD BE EXPECTED. THEY STRESSED THAT EFFORTS TO HELP JUTE SHOULD FOCUS ON JUTE AND NOT BE DIRECTED TOWARDS CONTROLLING THE PRODUCTION AND DEVELOPMENT OF ITS COMPETITION. IN THE CONTACT GROUP PRODUCERS SOUGHT A RECOMMENDATION WHICH WOULD PROVIDE FOR THE COLLECTION OF INFORMATION ON JUTE AND SYNTHETICS FOR THE PURPOSE OF TAKING ACTION ON HARMONIZATION. CONSUMERS AGREED ON THE NEED FOR MORE INFORMATION AND CONSULTATION ON THE COMPETITIVE SITUATION OF JUTE, BUT REMAINED FIRM IN THEIR REJECTION OF THE DIRECTION OF SUCH INFORMATION TOWARDS

HARMONIZATION. THEY CAUTIONED AGAIN THAT QUESTIONS DIRECTED AT OBTAINING PRIVATE FIRMS' COST DATA OR IMPLYING SPECIFIC GOVERNMENT ACTIONS DIRECTED AGAINST JUTE, E.G., THOSE CONTAINED IN JUTE QUESTIONNAIRE, WOULD NE BE ANSWERED. IT WAS UTLIMATELY AGREED TO ACCEPT A RECOM-MENDATION WHICH DEALT ONLY WITH THE GATHERING OF INFOR-MATION AND CONSULTATION, AND THAT PRODUCERS WOULD SUBMIT A SEPARATE STATEMENT IN THE ANNEX TO THE REPORT. PRODUCERS INSISTED THAT THIS WAS AN AREA OF HIGHEST IMPORTANCE TO THEM AND STATED THAT THEY WOULD CONTINUE TO BRING THIS UP AND DISCUSS IT AT FUTURE MEETINGS. THEY NOTED THAT CONSUMERS, IN PARTICULAR THE US, HAD CHANGED THEIR ATTITUDE ON OTHER PARTS OF THE INTEGRATED PROGRAM, AND THAT THEY WERE CONFIDENT A CHANGE COULD BE ACHIEVED IN LIMITED OFFICIAL USE

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THIS AREA AS WELL. THE US DELEGATE \$STREEB) NOTED WITH CONCERN THE IMPLICATION THAT THE US WAS CHANGING ITS INTERPRETATION OF RESOLUTION 93(IV). HE POINTED OUT THAT THE US HAD ACCEPTED THIS RESOLUTION WITH CERTAIN LIMITED RESERVATIONS AND INTERPRETATIONS AND THAT THESE REMAINED IN FORCE. HE STRESSED THAT THE US WISHES TO BE AS POSITIVE AND FORTHCOMING AS POSSIBLE IN AREAS WHICH WE HAVE CONCLUDED AS APPROPRIATE. HOWEVER, HE HOPED THAT OTHERS WOULD NOT MAINTAIN ILLUSIONS IN AREAS WHERE THE US POSITION WAS AS CLEAR AS IT IS ON HARMONIZATION.

4. POSITON OF PARTICIPANTS: EC APPEARS TO HAVE CON-CLUDED THERE WILL BE AN INTERNATIONAL JUTE ARRANGEMENT CENTRALIZED IN ONE ORGANIZATION AND CONTAINING AT LEAST R#D AND COST REDUCTION MEASURES. THEIR STATEMENT WAS REACHED WITH SOME DIFFICULTY DURING FIRST FEW DAYS OF THE CONFERENCE. GERMAN DELEGATION FOUGHT THE STABILIZATION PROPOSAL AND SUCCEDED IN WATERING IT DOWN, BUT NOT IN ELIMINATING IT. AFTER THAT INITIAL BATTLE GERMAN DELE-GATION APPEARED TO PLAY A LESS INFLUENTIAL AND ACTIVE ROLE THAN IN PAST JUTE OR OTHER COMMODITY MEETINGS. JAPAN ARRIVED COMPLETELY UNPREPARED WITH INTENTION OF REMAINING SILENT. THEY WERE UNEASY WITH DISCUSSIONS ON ESTABLISHING ANY KIND OF INTERNATIONAL BODY, BUT MOSTLY RELIED ON US TO DEFEND THEIR INTERESTS. AUSTRALIA ALSO REMAINED SILENT ALTHOUGH IT IS A RELATIVELY IMPORTANT JUTE CONSUMER. NORWAY PRESENTED ITS VIEW THAT ALL THREE AREAS -- RESEARCH AND DEVELOPMENT, COST REDUCTION AND STABILIZATION -- HAVE REACHED SUBSTANTIAL LEVELS OF AGREEMENT. THE FOCUS SHOULD NOW BE PLACED ON DEVELOPMENT OF A STABILIZATION MECHANISM BASED, IN THEIR VIEW, ON COORDINATED NATIONAL STOCKS. NORWAY JOINED OTHER CON-SUMERS IN REJECTING ANY POSSIBILITY OF CONTROL OVER LIMITED OFFICIAL USE

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SYNTHETICS. NEPAL PARTICIPATED FOR THE FIRST TIME AND
PRESSED FOR SPECIAL CONSIDERATION BEYOND THAT OF THE
OTHER PRODUCERS ON THE BASIS OF ITS LAND-LOCKED STATUS.
THEIR DELEGATION WAS PLEASED WITH THE GENERAL SUPPORT
RECEIVED FROM CONSUMERS EVEN THOUGH ALL OF THEIR LANGUAGE
WAS NOT AGREED TO. INDIA WAS RELUCTANT TO JOIN IN
SUPPORT FOR SPECIAL CONSIDERATION FOR NEPAL AND, FOLLOWING
BANGLADESH'S INTERPRETATION THAT IT TOO WAS ELIGIBLE FOR
SPECIAL TREATMENT, INDIA RESERVED ON WHOLE QUESTION.
THAILAND PARTICIPATED BUT SAID VERY LITTLE. IN PRIVATE
THEY EXPRESSED LITTLE SYMPATHY WITH ISSUE OF HARMONIZATION.
THEY NOTED THAT GIVEN THEIR OWN DECREASE IN PRODUCTION
AND DEVELOPMENT OF NEW INTERNAL USES FOR JUTE (E.G. PAPER)
THEY COULD CONCEIVABLY BECOME AN IMPORTER IN A FEW YEARS.

5. FUTURE WORK: MEETING AGREED TO SCHEDULE TWO MORE
MEETINGS AT EXPERT LEVEL TO BE FOLLOWED BY A MEETING OF
ONE FULL PREPARATORY SESSION. THESE ARE CURRENTLY SCHEDULED
FOR LATE DECEMBER, JANUARY, AND SOME TIME IN THE
SPRING. PRODUCERS ARE HOPING FOR A SINGLE INTERNATIONAL
AGREEMENT WHICH WILL DEAL WITH ALL AREAS DISCUSSED SO FAR.
THEY INTERPRET THE RECOMMENDATIONS OF THIRD PREPARATORY
MEETING TO INDICATE SOMEWHAT MORE AGREEMENT THAN DO CON-
SUMERS, AND HAD HOPED FOR A RECOMMENDATION ON HARMONIZATION
TO ROUND OUT THE PROGRAM. THEY BELIEVE THAT EXPERT LEVEL
MEETINGS SHOULD FOCUS FIRST ON CONSOLIDATING AGREEMENT IN
AS MANY AREAS AS POSSIBLE IN ORDER TO HAVE A COMPLETE
PACKAGE ON WHICH TO NEGOTIATE. CONSUMERS STRESSED THE
NEED TO CONCENTRATE ON AREAS WHERE PROGRESS MIGHT ACTUALLY
BEGIN, IN PARTICULAR, RESEARCH AND DEVELOPMENT. THE WORK
PROGRAM HAS THEREFORE BEEN LEFT VAGUE. VANDEN HEUVEL
UNQUOTE VANCE

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